

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of )  
 )  
Local Exchange Carrier Line ) CC Docket No. 92-24  
Information Database )

REPLY

BellSouth Telecommunications, Inc. ("BellSouth") files this reply to comments submitted in opposition to its direct case in the above-referenced proceeding.<sup>1</sup> BellSouth has provided substantial justification to support the rates and conditions of service governing its tariffed offer of Line Information Database (LIDB) Access. Opponents' claims to the contrary, to the extent they have relevance to BellSouth's filing, are without merit. The Commission should therefore conclude its investigation with a finding that no changes are required to the current tariff which authorizes BellSouth's provision of LIDB Access Service.

DISCUSSION

1. Service Description

Allnet and MCI both maintain that LIDB access tariffs filed by BellSouth and other LECs do not provide the level of detail required under Commission Rules. In this regard,

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<sup>1</sup> BellSouth filed its direct case with the Commission on April 21, 1992. Oppositions were filed on June 5, 1992, by MCI Telecommunications Corporation ("MCI"), Sprint Communications Company ("Sprint"), Allnet Communication Services, Inc. ("Allnet"), Competitive Telecommunications Association ("CompTel") and International Telecharge, Inc. ("ITI").

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MCI complains that the absence of particularized tariff requirements for database administration and fraud control have encouraged substandard performance and the delivery of an inferior service by LECs.<sup>2</sup>

While it cannot speak for all providers, BellSouth states that it has received no complaints of inferior service from MCI since implementing LIDB Access in April. MCI has requested a 24 hour, 7 day/week single point of contact for LIDB database issues and negotiations are underway to address this concern. Under existing procedures MCI is provided with a single point of contact during normal business hours for database issues and is advised to contact the hub vendor in the event of an operational network problem. Further, MCI has access to the regional fraud center in Columbia, South Carolina, twenty-four hours per day, seven days per week for suspected calling card fraud issues. MCI representatives have toured the fraud center and reviewed BellSouth procedures for fraud detection and investigation.<sup>3</sup> Should any of these measures prove inadequate, BellSouth will take remedial action. To date, however, no such indication has been forthcoming from MCI or

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<sup>2</sup> MCI, pp. 5-7.

<sup>3</sup> These procedures include many of the safeguards (e.g., thresholding, velocity checks) MCI implies are presently lacking. MCI, p. 13.

any other LIDB Access user.<sup>4</sup>

With respect to fraud control, it must also be noted that the efficacy of BellSouth's procedures depends in some measure on the cooperation of LIDB Access customers. One example of this is the requirement for inclusion of calling number information with each LIDB query. Currently, MCI does not include this information in queries to the LIDB database--an omission which creates further obstacles to fraud detection.<sup>5</sup>

Contrary to MCI's claim, assurance of quality does not require inclusion in the tariff of every administrative and technical detail related to service provisioning. Further, such detail would not guarantee delivery of superior service. It could even prove damaging; as, for example, where a LEC is required to disclose in a public record specifics of its fraud detection and control methods.<sup>6</sup> As

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<sup>4</sup> MCI also makes passing reference to missing customer records and certain other problems. MCI, p. 6 n. 6. Errors of this nature are inevitable in a database of approximately thirty million records; however, BellSouth has received no indication of any significant lapse in the completeness and accuracy of LIDB records from MCI or any other source.

<sup>5</sup> Likewise, planned enhancements for 1993 will include thresholding of international calls. This capability is, however, contingent upon receipt of called number information from the LIDB Access customer with each database query.

<sup>6</sup> MCI's claim that fraud control will be enhanced by tariff language "mandating minimum standards" is nonsensical. MCI, p. 9. To articulate any specific standard in a public record will compromise to some degree fraud control efforts. While MCI may be correct in

now constructed, the LIDB tariff contains all information needed to apprise present and potential customers of the nature of the service and the obligations of the parties. This is all the statute requires and all that can realistically be expected from a document which must be applied to a wide range of individual circumstances.

## 2. Scope of Liability

MCI further argues that LECs should assume greater liability for database errors and for fraud. With respect to the former, it is urged that LEC liability should be expanded to include all charges of accessing the LIDB database, plus IXC costs of the underlying call (e.g., originating and terminating access, billing and collection).<sup>7</sup> MCI fails to explain why errors in the provision of LIDB Access should be governed by a different standard of liability than is applied to all other tariffed interstate services. In fact, there is no reason to distinguish LIDB from other offerings; disruption of any service--whether LIDB or another-- arguably produces consequential damages to the subscriber. Historically, LECs have been permitted to exclude these speculative (and potentially substantial) liabilities in the interest of

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asserting that few persons who desire to commit fraud now read access tariffs, BellSouth would not wish to rely upon the reading habits (present and future) of toll abusers to insure the integrity and efficacy of its fraud control systems.

<sup>7</sup> MCI, pp. 11-12.

preserving lower rates. The same reasoning argues for a rebate of the LIDB transport and query charges as the exclusive remedy for provision of invalid data--a result consistent with the general liability provisions of the tariff.

MCI's argument for expanded LEC liability in cases of fraud is similarly defective. First, there is no difference in degree or result between a LEC error in database administration which enables a third party to perpetrate fraud and a LEC error which otherwise fails to provide accurate validation data. In both cases the proper recourse is abatement of usage-sensitive LIDB transport and query charges imposed to recover the costs of database access, administration and maintenance. Second, there is no justifiable basis for imposing on the LEC absolute liability for all losses occasioned by fraudulent calling card use. A large percentage of fraud is simply undetectable by a LEC even with the exercise of greater than ordinary care.<sup>8</sup> Moreover, it is MCI or other serving IXC, and not the LEC, which has contact with the end user at the point of sale and which retains full discretion regarding the credit mechanism it will accept in any given transaction.

The limitation of liability supported by BellSouth

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<sup>8</sup> A notable example is unauthorized use of a valid card number, which cannot be discovered unless excessive usage, customer complaint or other special circumstances trigger an inquiry.

creates no unreasonable discrimination among IXCs, contrary to the claims of some opponents of the direct case.<sup>9</sup> Calling card validation service is provided to all IXCs (including AT&T) under the terms and rates established by the LIDB Access tariff. BellSouth's further agreement with AT&T to assume responsibility for certain uncollectibles charged to a BellSouth card is part of the settlement process of a billing and collection agreement, which also includes mutual honoring of calling cards and mutual billing services. A reciprocal provision calls for AT&T to accept financial responsibility for BellSouth messages billed to an AT&T card, billed by AT&T and subsequently determined to be uncollectible. Provisions for the treatment of uncollectibles in the interstate jurisdiction have been included in BellSouth's contracts for billing and collection service since January 1, 1987, the effective date of the Commission's detariffing order<sup>10</sup>; and BellSouth has at all times been prepared to negotiate like terms under the same circumstances for mutual honoring/billing and collection with any IXC expressing interest in such an agreement.

### 3. LIDB Access Line

On the basis of the reasoning in 1, above, the Commission should reject MCI's demand for inclusion in the

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<sup>9</sup> CompTel, pp. 3-4; ITI, p. 5.

<sup>10</sup> Detariffing of Billing and Collection Services, CC Docket No. 85-88, 102 F.C.C.2d 1150 (1986); recon. denied, 1 FCC Rcd 445 (1986).

tariff of technical specifications governing the LIDB access line.<sup>11</sup> This information is already contained in referenced publications. MCI makes no showing that these manuals are unavailable or lack sufficient detail to apprise access customers of the technical parameters of the 56 Kbps facility.

#### 4. Cost and Rate Issues

Several commenters address the cost showing provided by BellSouth and its development of LIDB Access rates. Sprint questions the allocation of certain costs to the LIDB Transport and LIDB Validation rate elements.<sup>12</sup> Responding to Sprint's concern, BellSouth states that an incremental loading for land and building investments was applied to LIDB Transport to recognize costs such as site preparation, major building modifications and cable vault expansion. Similarly, investment in poles, cable and conduit was appropriately reflected for LIDB Validation, being a cost associated with the Database Administration System data links.<sup>13</sup> Lastly, the variation in STP port investment questioned by Sprint is readily explained by significant differences in vendor pricing for individual hardware components.<sup>14</sup>

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<sup>11</sup> MCI, pp. 18-19.

<sup>12</sup> Sprint, p. 4.

<sup>13</sup> See BellSouth Direct Case, p. 6.

<sup>14</sup> Sprint, p. 5.

Both Sprint and MCI question the derivation of BellSouth's overhead loading factor applied in the development of LIDB Access rates.<sup>15</sup> MCI erroneously states that the factor is based upon total switched access costs.<sup>16</sup> In fact, the closure factor of 3.65 employed by BellSouth to calculate a price ceiling is based upon the ratio of revenue to cost for the Local Transport category--a subset of total switched access. The same incremental cost data is used in the Open Network Architecture filing.<sup>17</sup>

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<sup>15</sup> Sprint, p. 7; MCI, p. 21.

<sup>16</sup> MCI, p. 21.

<sup>17</sup> See BellSouth Telephone Companies Revisions to Tariff F.C.C. No. 4, Transmittal No. 436, Motion to Accept Late-Filed Cost Information, Section 3, Exhibit A, filed February 14, 1992.



**CONCLUSION**

None of the arguments presented against the direct case justifies modification of BellSouth's LIDB Access tariff. The Commission should therefore conclude this investigation by finding lawful all rates and conditions for service implemented by BellSouth under Transmittal No. 439.

Respectfully submitted,

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June 15, 1992

CERTIFICATE OF SERVICE

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